

EXHIBIT 1

INTRODUCTION

Respondent Kidspart is a limited liability company based in Oakland.

In 2000, during the first semi-annual reporting period January 1, 2000 through June 30, 2000, Respondent made a \$12,500 contribution to the 3 R's PAC, and thereby qualified as a "major donor committee" under the Political Reform Act (the "Act").¹ As such, Respondent was required to comply with specified campaign reporting provisions of the Act.

As a major donor committee, Respondent was required by the Act to file a semi-annual campaign statement, commonly known as a "major donor statement" by July 31, 2000, disclosing its contributions during the period January 1, 2000 through June 30, 2000. Respondent failed to timely file a semi-annual campaign statement by the July 31, 2000 due date, disclosing the \$12,500 contribution, thus violating Section 84200, subdivision (b) of the Act.

For the purposes of this Stipulation, Respondent's violation is stated as follows:

Respondent Kidspart failed to timely file a semi-annual campaign statement, by July 31, 2000, for the reporting period January 1 through June 30, 2000, in violation of section 84200, subdivision (b) of the Government Code.

SUMMARY OF THE LAW

An express purpose of the Act, as set forth in Section 81002, subdivision (a), is to ensure that the contributions and expenditures affecting election campaigns are fully and truthfully disclosed to the public, so that voters may be better informed, and improper practices may be inhibited. To that end, the Act sets forth a comprehensive campaign reporting system designed to accomplish this purpose of disclosure.

Major Donor Committees

Section 82013, subdivision (c) includes within the definition of "committee" any person or combination of persons who directly or indirectly makes contributions totaling ten thousand dollars (\$10,000) or more in a calendar year to, or at the behest of, candidates or committees. This type of committee is commonly referred to as a "major donor" committee.

¹ The Political Reform Act is contained in Government Code sections 81000 through 91014. All statutory references are to the Government Code, unless otherwise indicated. The regulations of the Fair Political Practices Commission are contained in sections 18109 through 18997 of title 2 of the California Code of Regulations. All regulatory references are to title 2, division 6 of the California Code of Regulations, unless otherwise indicated.

Duty to File Semi-Annual Campaign Statements

Section 84200, subdivision (b) requires a major donor committee to file a semi-annual campaign statement for any reporting period in which the committee made campaign contributions. The first semi-annual campaign statement covers the reporting period January 1 to June 30, and must be filed by July 31.

SUMMARY OF THE FACTS

Respondent Kidspart is a limited liability company based in Oakland, California. During the first semi-annual reporting period of 2000, Respondent made a \$12,500 political contribution to the 3 R's PAC, and thereby qualified under Section 82013, subdivision (c) of the Act, as a major donor committee.

Failure to Timely File a Semi-Annual Campaign Statement

Respondent had a duty to file a semi-annual campaign statement, covering the reporting period January 1 through June 30, 2000, by July 31, 2000. Respondent failed to timely file a semi-annual campaign statement, by July 31, 2000, in violation of Section 84200, subdivision (b). The failure to file the campaign statement was discovered through the Enforcement Division's Streamlined Late Contribution Enforcement Program. Under this program, Enforcement Division Investigator Jon Wroten reviewed recipient campaign statements filed with the Secretary of State's Office ("SOS"), which revealed that Respondent Kidspart made a contribution totaling \$12,500 during the first semi-annual reporting period for 2000, but failed to file a semi-annual campaign statement disclosing the contribution.

On October 6, 2000, Investigator Wroten sent Respondent a certified letter notifying Respondent that documents filed with the SOS indicated that Respondent had qualified as a major donor committee and was required to file a major donor campaign statement by July 31, 2000. The letter enclosed a questionnaire seeking information as to Respondent's status and fulfillment of its filing obligations, and it requested a response.

After no response was received to the letter and questionnaire, on March 19, 2001, Investigator Wroten prepared a memorandum recommending that the case be assigned for full investigation. On March 21, 2001, the case was assigned for full investigation.

On June 12, 2001, Commission Investigator Keith Powell contacted Respondent's controller Doretta Carrion. Ms. Carrion explained that she was unaware of her filing obligations or that the donation had qualified Respondent as a major donor committee. Ms. Carrion stated that when she received notification from the Commission on November 29, 2000, by way of the October 6, 2000 certified letter, the semi-annual campaign statement was completed and filed with the SOS on December 2, 2000. Ms. Carrion sent copies of the filed campaign statement, and the \$12,500 contribution check, to the Commission by facsimile.

On July 2, 2001, the SOS provided the Commission with a copy of a letter from Ms. Carrion dated June 25, 2001. The letter from Ms. Carrion stated that she was enclosing a copy of the “original filing” (Form 461) that Ms. Carrion claimed she had mailed to the SOS in December 2000, but which the SOS apparently had not received. The SOS attached a date-stamped copy of the Form 461 with this letter, indicating that the form had been filed with the SOS on June 28, 2001.

On August 8, 2001, the SOS sent a letter to Respondent advising that Respondent had incurred a late filing fine of \$1,470 for the delinquent filing. The SOS later reduced this fine to \$500, which Respondent paid on December 27, 2001.

CONCLUSION

This matter consists of one count, which carries a maximum possible administrative penalty of Two Thousand Dollars (\$2,000).

A typical administrative penalty for failure to file a major donor report not resolved through the streamlined program has historically ranged from \$1,000 to \$1,500. As Respondent is a first time major donor and cooperated in filing the major donor statement upon being notified of the filing requirement, an administrative penalty approximating the low to middle of that penalty range is appropriate.

The facts of this case therefore justify imposition of the agreed upon penalty of One Thousand Two Hundred Dollars (\$1,200).